

## **Schools And Libraries Universal Service Support Mechanism CC Docket No. 02-6**

### **Comments.**

I would like to enter comments concerning proposed rule changes offered in FCC 02-6 and to offer suggestions for improving the application and implementation of E-Rate funding.

### **Reference to paragraph 14. Pull Down List**

I agree that a pull down list of eligible items may simplify the application process and minimize mistakes. I would suggest that the list should also include “other” as a selection and that some mechanism be provided for describing what that item might be. This would allow for the inclusion of items that might be new, or only eligible under certain circumstances, that might not be included in the list. The list should be updated annually, before the start of the application process.

### **Paragraph 16-20. WAN Eligibility**

The present practice of allowing schools to lease a product or service that would not otherwise be eligible should not be allowed. The product or service used by the school should determine the eligibility and not who is delivering it to the school. If WAN equipment is not eligible for purchase then it should not be allowed to be leased through a service provider. Also, Internal connections should all be treated the same; it should make no difference if the service is provided through a lease arrangement or purchased by the school. The current system is being manipulated by allowing the leasing of internal connections and giving them priority one status because they are now considered to be a telecommunication service. If the practice is allowed to continue, then the amount of approved funding should not exceed one year of service, even though a multi-year contract may be needed to ensure the service provider can recover its investment on the infrastructure needed to provide the service.

### **Paragraph 21-22. Wireless and voice mail service**

Anyone who has ever tried to run a school knows how essential support staff are to the efficient operation of that school and how necessary they are to a quality education. Effective communication is important and needed for an efficient school. There is no practical reason to limit or restrict eligible services to teaching staff only. I think the more restrictive the requirements become the more likely the chance for fraud or abuse as people try to find ways to manipulate the system.

Voice mail also provides a very important form of communication for schools and should be allowed. I would also allow voice-messaging software for PBX systems. The service being provided should determine the eligibility and not necessarily who provides the service.

#### **Paragraph 34. BEAR Process.**

The BEAR process is needlessly time consuming, both in the application process and the oversight by the SLD. This process should be eliminated and replaced by direct billing, wherever possible. For most schools, POTS is not going to appreciably change from year to year and I would suggest that filing for POTS could be, and should be, drastically streamlined. There is little need to continue to file the same forms year after year for a continuation of the same service through the same provider and a simple check mark that indicates no change is requested should be all that is needed for both the 470 and the 471. The 486 Form could also be eliminated, for this service, because the service is continuing and ongoing. I would speculate that one of the reasons for continued carry over in funding is because the process is more complicated than needed and that simple filing errors keep entities from receiving funds they are entitled to. There is simply no good reason for the continuation of reimbursement forms for these services. If there is a problem for small service providers in terms of cash flow, then the problem is one of internal efficiency of the SLD, but, in any case, this should only be a temporary problem until the billing and distribution process is put into motion. After that, billing and disbursement should be pretty seamless and should make it much easier for both the billed entities and the SLD

#### **SECTION 2, Paragraph 37. Equipment Transferability.**

Although not specifically mentioned in the notice, this section really touches on a general theme of fairness of distribution of funds and I would first like to comment on some aspects that I believe are very relevant and should cause some thoughtful consideration to rule changes. At present, funding priorities are determined by, what is considered to be, need. This need is determined solely by free and reduced lunch, and rural/urban status. (From a practical standpoint, however, only poverty status has impacted internal connections since the 90% rate is the same for both urban and rural schools) The theory here is that schools with high populations of student from low-income families will be poor schools. I know for a fact that this is not always the case and believe that, if this type of priority is continued, other factors, such as, the ADM budget or revenue should also be included. My district operates on about \$4,600 per pupil, while a neighboring district has over \$7,000 per pupil in revenue. The ability of that district to provide services for the students in that district is almost twice the ability of our district, and yet they will have some schools reach the 90% discount rate and will receive funding for Internal Connections while my highest school discount rate is only 80% and we won't receive anything, even though, they have almost twice the amount of money per child to spend. Compared to our schools, they are certainly not more needy.

To be more specific to the referenced information: The idea that some schools, (more than likely, we are really talking about billed entities or districts), are upgrading equipment every year and moving equipment to other ineligible schools, should be a red flag that something grossly unfair is taking place here. Schools determined to be in greatest need, (90 % discount) have the potential to continue to suck the well dry while other schools with only slightly less need, may very well never receive anything for these services.

In terms of fairness, the fairest process may be to place all schools and libraries in four (4) or five (5) groups and give funding priorities for internal connections to all the schools in that particular group. Whether these groups are selected on the basis of free/reduced lunch status, or simply randomly assigned may not really matter, unless there is some intent to never fund the schools with the lowest percentage of low-income students. This way, schools could have some certainty that they could receive funding for Internal Connections every four or five years and could then begin to make some meaningful plans for those upgrades. As it now stands, only schools with 90% or higher discount rates have any real expectation for funding and cannot make any serious plans based upon possible E-Rate funding. This would automatically solve the problem of requiring schools to leave equipment in place for certain periods of time because it would limit how often they could apply for Internal Connections. It would also minimize manipulating the system because schools would be more likely to only receive upgrades that they are legitimately entitled to and that are really needed.

The idea of limiting upgrades for e-rate funded equipment to every three years (or 4 years) has some merit and might tend to allow more schools to participate, but I am skeptical that the idea of allowing schools to circumvent this time requirement by trading in the old equipment will have the desired effect. Traded equipment usually brings less than 10% value, and a service provider would be in an excellent position to sell that equipment back to the billed entity at about the same discount that e-rate would provide, but with no restrictions as to placement of the used equipment. There would still be a very great incentive for schools to upgrade every year and I think service providers would jump at the chance to continue to make sales every year by working with the billed entities by making deals.

Short of grouping schools and rotating funding for Internal Connections each year for each group, the next fairest distribution would be to limit funding for Internal Connections to every three or four years, (which basically does the same thing as grouping the schools and leaves the current selection criteria in tact.) (Consideration might need to be given to a funding threshold, when making this determination, since a school might have received funding for one switch, which may have cost only a few hundred dollars, but didn't represent a significant amount of funding, in one year, but have a need for a significant upgrade the next year).